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INFORMATION REPORT

PREPARED AND DISSEMINATED BY
CENTRAL INTELLIGENCE AGENCY

COUNTRY
Poland
SUBJECT
Economy at End of Six-Year Plan

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Agriculture

1. The changes in agricultural conditions in Poland in contrast with the pre-WW II situation are not due so much to the agricultural reforms carried out under Communism nor to the government's policy towards Communism but are largely the result of the decrease in agricultural population and increase in available land. Before 1939, the agricultural population of Poland was estimated at nine million; now it is much less. The western recovered territories which were practically depopulated during World War II have been resettled by Polish farmers. The result is that the cultivated land per head is now 50 per cent greater than it was in pre-war times.
2. The Communists have changed completely the "outline" of the Polish agricultural system by the liquidation of the larger land estates (above 50 hectares) which formerly occupied more than one half of the agricultural area. The parcelling of some of these estates started in 1945 increased by 200 thousand the number of "dwarf" farms (under two hectares). These small farms are considered not to be productive enough to sustain a farmer and his family.
3. Many large estates became state farms or PGRs. At present these PGRs occupy 12 per cent of the cultivated areas. They have been sharply criticized for their lack of competent management, overgrown bureaucracy, bad administration, poor organization of work and high costs. Their continued existence is supported by the prestige of the government and maintained by enormous credits. Under the Six-Year Plan, 80 per cent of all credits, destined for the development of agriculture were spent on the PGRs. Notwithstanding this, more than 40 per cent of the entire population is still making a living from private farming. It holds 70 per cent of the farming land and accounts for 40 per cent of the agricultural production.
4. The number of collective farms, so-called production cooperatives, varies very greatly in different regions. Generally there are proportionately more of them in the western recovered territories than in central Poland. According to official figures, there were 8,500 productive cooperatives occupying nine per cent of the cultivated land at the end of 1955. The number of families in the cooperatives is about two thousand.

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a. The system of compulsory deliveries which is a legally imposed duty upon farmers.

b. The state purchase of basic agricultural products based, theoretically, on voluntary contracts. The latter gives the farmers a guarantee market but the prices paid are low. The farmer is practically compelled to enter into these contracts because they obtain the right to purchase essential goods, coal for example, which otherwise they could not buy.

6. One aspect of the transformation of Polish agriculture by the Communists which is beneficial is mechanization. Tractors have enabled the reduction of the four million horses formerly used to two and a half million. It has been estimated that there are 60 thousand tractors. State Machine Centers (POM) are pools of agricultural machinery, and this machinery is rented to private farmers at a fixed rate. Although the need of the private farmer for machines is placed below the PGRs, there is mechanization available and its use is increasing, even on the private farms, with conspicuous lack of uniformity.

Commerce

7. The transformation of commerce since World War II has been drastic. The character of the trade has changed with imports of industrial goods and has fallen materially while the imports of raw material for heavy industry has risen greatly. Also, probably for the first time, Poland has become an importer of grain.

8. Exports have also changed although coal remains the chief item. Industrial machines, trucks and chemical products are now exported. In 1955, 64.4 per cent of all exports were raw materials and materials for industrial production which includes 46.6 per cent coal and coke; agriculture and food products, 15.3 per cent; machinery industrial and transport equipment, 13.1 per cent; and industrial consumer goods, 7.2 per cent. The difficulties of retail trading are the same as those described many times under Communism. The prices are fixed by the government to discourage buying of scarce items and encouraging buying of those in great supply without any effort to satisfy the consumer. Bathing suits are sold in January but are unavailable in June and ski-boots, vice versa.

Crafts

9. The Polish crafts, which formerly engaged a high percentage of the town and small town population, are slowly approaching extinction. There is now practical compulsion to join a craftsman's cooperative. This has resulted in closing of the small shop and concentration of craftsmen in certain places. Many former craftsmen are entering big industry. With less than 50 per cent of the small shops and craftsmen in the countryside, the farmers are obliged to travel often tens of kilometers in order to get their horses shod or their cart repaired.

Industry

10. The industrialization of Poland is the major aim of the Communists and all other aims are subordinated to it. Between World Wars I and II, Poland had little capital, lacked raw materials, and had an excess of agricultural labor. The post-war industrialization has been possible because state control could recruit all the countries' resources and enforce the necessary sacrifices on the people. In comparison with 1938 the production in 1954 showed:

coal	3 times
coke	4 times
iron ore	2 times
steel	3 times
electrical machines and apparatus	6 times

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In addition new industries such as automobiles, tractors, chemicals including synthetics have been produced for the first time.

11. A great help in this effort has been the exploration for and discovery of new deposits of raw materials. The sulphur deposits in the Swietokrzyskie Mountains are the richest in the Eastern Hemisphere. In Upper Silesia, good deposits of bauxite have been found. On the other hand, Poland is exploiting ferruginous sands for iron ore at a cost that is well above anything economic. Their iron content is only 10 per cent Fe. Also the Polish motor car industry is too costly.
12. About one fourth of the national income has been spent on investment in industry and the greatest stress has been on heavy industry.
13. Although Poland has profited economically by the industrialization and has undergone a possible change for the better in that there is no unemployment even if those employed are no better off than before there are several circumstances that detract from the benefits. The first is concerned with the reason why Poland's economy was made to take this particular form. With practically all the pre-war industry destroyed and with location within the USSR sphere, she had to accept not only political but also economic leadership from the USSR. The Soviets could not follow a colonial exploitation plan because most of Poland's natural resources require processing. It is cheaper to exploit these locally than to transport them, and the Moscow plan was to build up the industry so that the country would not be a drain on the USSR purse.
14. The second drawback is that although any country in order to make the progress that Poland has achieved, must make sacrifices, now that the expansion has been made, there seems to be no lessening of the effort to continue the expansion. Expansion rather than industrialization has become the aim to help the average citizen.
15. The third drawback which spoils the general effect is the enormous growth of the bureaucratic apparatus. Industrial costs have increased and the industry is burdened by regulations, controls, checking and counter checking, constant changes of decisions within the bureaucratic apparatus.

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